
INDEPENDENT REGULATORY BOARD FOR AUDITORS

COMMITTEE FOR AUDITING STANDARDS

IRBA Staff Audit Practice Alert 4: A South African Perspective on the Auditor's Considerations Relating to Fraud

Johannesburg / 18 June 2020

The Independent Regulatory Board for Auditors (IRBA) has today issued the IRBA Staff Audit Practice Alert 4: *A South African Perspective on the Auditor's Considerations Relating to Fraud* (IRBA Staff Audit Practice Alert), for use by registered auditors. This IRBA Staff Audit Practice Alert has been prepared by the Fraud Task Group of the IRBA's Committee for Auditing Standards (CFAS).

The perpetration of fraud, causing material misstatements in the financial statements and/or non-compliance with laws and regulations, has become more prevalent at entities in South Africa over the past few years. Registered auditors are required to be alert to the possibility of fraud, thereby enabling them to respond appropriately. Due to this prevalence, auditors have called for additional guidance relating to fraud.

This IRBA Staff Audit Practice Alert serves to provide auditors with implementation guidance in responding to the risks of material misstatements due to fraud and/or non-compliance with laws and regulations. It includes the following key themes:

- The primary responsibility for the prevention and detection of fraud rests with those charged with governance of the entity and management;
- The importance of applying professional scepticism and exercising professional judgment;
- The auditor's responsibilities to identify, assess and respond to the risks of material misstatement due to fraud;
- The auditor's considerations to respond to identified risks of material misstatement due to fraud, when there is a fraud investigation in progress;
- The use of forensic experts during fraud discussions, fraud inquiries and the execution of the audit, when specific factors are identified; and
- Guidance and examples to assist auditors in the application of the auditing standards and related guidance.

A dedicated [IRBA Fraud web page](#) contains a list of links to relevant audit-related guidance on fraud that have been developed internationally and locally. The list references information that was known to the Fraud Task Group at the time of issuing this IRBA Staff Audit Practice Alert and it is not meant to be exhaustive.

This IRBA Staff Audit Practice Alert **does not constitute an authoritative pronouncement** from the IRBA; nor does it amend or override the International Standards on Auditing, South African Auditing Practice Statements or South African Guides (collectively called pronouncements). **Furthermore, this IRBA Staff Audit Practice Alert is not meant to be exhaustive.** Reading this IRBA Staff Audit Practice Alert is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

The IRBA Staff Audit Practice Alert is available in PDF format and may be downloaded from the IRBA website at www.irba.co.za. Should you have any further queries, please do not hesitate to contact the Standards Department by email at standards@irba.co.za.

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About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

The statutory responsibilities of the CFAS are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.